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OCTOBER 7, 2004

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UNITED STATES FILES COMPLAINT AGAINST EU SUBSIDIES TO AIRBUS

Zoellick says WTO filing is about “fair competition and a level playing field”

By Tim Receveur
Washington File Staff Writer

The United States filed a complaint against the European Union to the World Trade Organization (WTO) on October 6, contesting billions of dollars in “unfair subsidies” provided to aircraft company Airbus SAS by European governments.

The Office of the U.S. Trade Representative (USTR) announced the action, saying that last month’s negotiations between senior U.S. and European Commission trade officials failed to resolve the dispute.

“This is about fair competition and a level playing field,” said U.S. Trade Representative Robert Zoellick. “Since its creation 35 years ago, some have justified subsidies to Airbus as necessary to support an ‘infant’ industry. If that rationalization were ever valid, its time has long passed. Airbus now sells more large civil aircraft than Boeing,” he said.

Although the U.S. is willing to accept current subsidies, including those “in the pipeline,” Zoellick said new EU-subsidies to aircraft manufacturers are unacceptable and a violation of international trade rules.

In recent months Airbus has signaled its intention to seek government subsidies to launch its new A350

model airliner, a prime competitor to Boeing's 7E7, according to a USTR fact sheet.

The United States also announced that it is terminating the 1992 U.S.-EU Agreement on Large Aircraft, which limited subsidies for U.S. and EU airplane makers to one-third of the production costs for new models.

"The United States remains interested in an agreement that ends all new subsidies. So as this case proceeds, we remain open to negotiating a new accord -- as long as it ends the new subsidies," said Zoellick.

The U.S. filing begins a 60-day period of consultations between the United States and the EU to end the dispute on their own. This is a mandatory first step before the United States can request a WTO panel to hear the case.

In response to the U.S. filing, the European Commission filed its own complaint to the WTO claiming Boeing receives "massive subsidies" from the U.S. federal government and new tax incentives from Washington state.

"We remain open to addressing Europe's concerns with regard to government support they believe Boeing receives. It is in the interests of both Europe and the United States to find a durable solution to this long-standing problem," said Zoellick.

VICE PRESIDENTIAL CANDIDATES DEBATE IRAQ, WAR ON TERROR, ECONOMY

Cheney, Edwards also discuss Middle East, Iran, North Korea

By Warner Rose
Washington File Staff Writer

Iraq and the war on terror played a prominent role in the October 5 debate between Vice President Cheney and Democratic vice presidential candidate Senator John Edwards of North Carolina. The debate was held at Case Western Reserve University in Cleveland, Ohio.

Vice President Cheney said the toppling of the regime of Iraqi dictator Saddam Hussein was intended to eliminate the nexus between terrorists and weapons of mass destruction. "The biggest threat we face today is the possibility of terrorists smuggling a nuclear weapon or a

biological agent into one of our cities and threatening the lives of hundreds of thousands of Americans," he said.

Senator Edwards said the Bush administration is "not being straight with the American people" about what he described as a worsening situation in Iraq, with increasing U.S. casualties and rising costs. Reiterating a point made by Senator John Kerry, Edwards said the Bush administration launched the military campaign that toppled Hussein "without a plan to win the peace."

"We need a fresh start," Edwards said.

Cheney defended the progress in Iraq, citing the new government of Prime Minister Ayad Allawi and the upcoming elections in January 2005. He also praised the Iraqi security forces, adding that they have suffered many casualties.

Edwards said the U.S. focus on Iraq had allowed Iran and North Korea to move ahead with their nuclear programs. Cheney said the administration was working in the United Nations and with neighboring countries to deal with these two regimes. Sanctions are already on Iran, the vice president said, adding that the administration would go to the U.N. Security Council for tougher measures if Iran failed to meet its obligations under the non-proliferation treaty.

If elected, Edwards said, Kerry has a "plan for success" in Iraq that includes accelerated training of Iraqi security forces -- outside Iraq if necessary -- and greater support from the United Nations and other countries.

When asked about the Israeli-Palestinian conflict, Edwards called Prime Minister Ariel Sharon's unilateral withdrawal from Gaza a historic decision that the United States should support. If Gaza, however, becomes a platform for attacking Israel, then the withdrawal has to be stopped, he said. Cheney said that Yasser Arafat was not a suitable "interlocutor" for negotiations, and added that there must be reform in the Palestinian system.

Cheney and Edwards also offered their views on domestic issues in the 90-minute debate that included some sharp exchanges. Cheney praised the No Child Left Behind Act that established higher standards for education and praised Bush's tax cut policies. Edwards cited the slow economic growth during Bush's term, which he said had brought job loss and increased poverty. This debate is the only one scheduled between the vice presidential candidates.

The transcript for the debate is available at:
<http://www.debates.org/pages/trans2004b.html>

CHIEF U.S. INSPECTOR SAYS HUSSEIN SOUGHT TO BREAK SANCTIONS

Congressional Report, October 6: Iraq Survey
Group Report

Washington -- Former Iraqi leader Saddam Hussein was aggressively plotting to subvert U.N. sanctions as part of a plan to produce illicit nuclear, biological and chemical weapons, according to the chief U.S. weapons inspector in Iraq.

Hussein was actively pursuing illegal financing and procurement efforts to undermine U.N.-imposed sanctions that prevented him from reconstituting weapons of mass destruction (WMD) programs after the 1991 Persian Gulf War, Chief Inspector Charles A. Duelfer testified October 6 before the Senate Armed Services Committee. That effort included influencing certain permanent members of the U.N. Security Council, he said.

"The fact that [Hussein] had the intent and capability, and that he was trying to undermine the sanctions that were in place is very disturbing," White House press secretary Scott McClellan told the Washington Post October 6. "And I think the report will continue to show that he was a gathering threat that needed to be taken seriously, that it was a matter of time before he was going to begin pursuing those weapons of mass destruction."

The Senate Armed Services Committee was hearing testimony from Duelfer and Marine Brigadier General Joseph J. McMennamin, commander of the Iraq Survey Group, following release of the survey group's final weapons inspection report.

Duelfer said that the U.N.-imposed sanctions program was eroding and that there was a lot of corruption.

The Iraq Survey Group -- a special joint weapons inspection team from the CIA and the Defense Department -- did uncover Iraqi plans for ballistic missiles with ranges from 400 to 1,000 kilometers and for a 1,000-kilometer-range cruise missile, which were all farther than

the 150-kilometer range permitted by the United Nations, Duelfer said.

Duelfer testified that Hussein wanted to produce illicit weapons, but did not have the means to produce them by the time of the 2003 U.S.-led Iraq war that toppled Hussein's regime. He also testified that after extensive investigations the prospects of finding an illicit weapons stockpile now is less than 5 percent, although an examination of a huge number of captured files and documents is still under way.

He said Hussein tried to retain the intellectual capability to produce a nuclear weapons program after 1991, but Duelfer's inspectors did not find an active program.

"We found no evidence, nor do we judge that there was one," Duelfer said.

However, Duelfer testified that he believed the world is better off since Saddam Hussein's regime has been deposed and Hussein is in custody.

"Analytically, the world is better off," Duelfer testified.

Duelfer, under committee questioning, said that his investigators have not found evidence of an active mobile biological weapons program. He said two trailers found in May 2003 -- one in Irbil and the other in Mosul -- were designed for the production of hydrogen.

"They have absolutely nothing to do with any biological weapons," Duelfer testified.

However, he added "this is one of those issues where I'm not quite comfortable in pronouncing that there was no mobile system in Iraq. We believe we've done as much investigation as we can. We have found no evidence."

Duelfer replaced David A. Kay in January as the chief U.S. weapons inspector after the U.S.-led invasion of Iraq. Duelfer is formally the special adviser to the director of Central Intelligence for strategy regarding Iraqi weapons of mass destruction programs. As head of the Iraq Survey Group he worked independently of the CIA and the Pentagon.

U.S. ENERGY SECRETARY CONGRATULATES 2004 PHYSICS NOBEL PRIZE WINNERS

Scientists are associated with the U.S. high-energy physics program

U.S. Department of Energy (DOE) Secretary Spencer Abraham has congratulated Frank Wilczek, David Politzer and David Gross for winning the 2004 Nobel Prize in Physics for their groundbreaking theoretical investigation of the forces between quarks, according to an October 5 DOE press release.

“For decades,” Abraham said, “the Department of Energy, and its predecessor agencies, have been the leading federal supporter of research in physics, enabling vital advances and discoveries by scientists exploring the fundamental nature of matter, energy, space and time.”

He noted the long-standing affiliations of Wilczek and Politzer with the DOE Office of Science’s High Energy Physics program. DOE has sponsored 41 Nobel Laureates since its inception in 1977 -- and a total of 82 Nobel Laureates since 1934, the press release said.

The roster of DOE Nobel Prize winners is available at: www.science.doe.gov/sub/accomplishments/heroes/heroes.htm

Information about the DOE Office of Science is available at:
<http://www.science.doe.gov>

Text of the DOE press release follows:
October 5, 2004

DOE-Supported Physicists are Co-Winners of 2004 Nobel Prize in Physics

-- Statement by Energy Secretary Spencer Abraham --

WASHINGTON, DC -- “On behalf of the U.S. Department of Energy, I congratulate Frank Wilczek, H. David Politzer and David J. Gross for winning the 2004 Nobel Prize in Physics,” said Secretary of Energy Spencer Abraham. “For decades, the Department of Energy, and its predecessor agencies, have been the leading Federal supporter of research in physics, enabling vital advances and discoveries by scientists exploring the fundamental nature of matter, energy, space and time.

“We are especially pleased to note Dr. Wilczek’s and Dr. Politzer’s longtime affiliations with the DOE Office of Science’s High Energy Physics program,” Abraham said. “They join a remarkably long and distinguished list of Nobel Prize winners supported by DOE.”

Dr. Raymond L. Orbach, Director of DOE’s Office of Science said, “The award of this year’s Nobel Prize to Gross, Wilczek and Politzer for their fundamental, groundbreaking theoretical investigation of the forces between quarks brings to mind the original discovery of quarks themselves at several DOE national laboratories. The Office of Science is proud of its long association with research into the fundamental constituents of matter and of the scientists whose work it has supported.”

By far, the lion’s share of the experimental evidence for quarks was accumulated in three DOE national laboratories supported by the DOE Office of Science’s High Energy Physics program -- Brookhaven, Lawrence Berkeley, and the Stanford Linear Accelerator Center -- and it resulted in the award of the 1976 Nobel Prize to Burton Richter and Samuel C. C. Ting and the 1990 Nobel Prize to Henry Kendall, Jerome Friedman and Richard Taylor. The original idea for quarks and the theory of the strong force binding them together inside the proton and neutron were proposed by Murray Gell-Mann, whose theoretical research was supported by the Office of Science for many years and who won the 1969 Nobel Prize in physics for his work in elementary particles.

Going back to the earliest days of the Manhattan Project, the Department of Energy and its predecessor agencies have blended cutting-edge research and innovative problem-solving to keep the United States in the forefront of scientific discovery for decades. As testimony to the high quality and impact of the research DOE underwrites, the Energy Department has sponsored 41 Nobel Laureates since its inception in 1977 -- and a total of 82 Nobel Laureates since 1934.

The complete roster of DOE Nobel Prize winners, their biographies and photos is available at www.science.doe.gov/sub/accomplishments/heroes/heroes.htm. The U.S. Department of Energy’s Office of Science is the single largest supporter of basic research in the physical sciences in the United States, providing more than 40 percent of total funding for this vital area of national importance. It oversees -- and is the principal federal funding agency of -- the Nation’s research programs in high-energy physics.

The DOE Office of Science's web site address is www.science.doe.gov

U.S. BOOSTS FUNDING TO COMBAT COUNTERFEITING, PIRACY OVERSEAS

Training programs in Asia, Latin America, Africa, Pakistan supported

The United States is spending an additional \$1.19 million for overseas training to help combat counterfeiting and other violations of intellectual property rights (IPR), the State Department says.

In an October 6 statement, deputy spokesman Adam Ereli said the new funding builds on \$1.31 million for overseas IPR training announced in August, and is part of a coordinated international effort to stop the theft of intellectual property.

This next phase of U.S. funding will support IPR enforcement projects in Brazil, Pakistan, Korea, Malaysia and Panama, as well as in the tri-border region of Paraguay, Argentina and Brazil, in Africa, with the international police organization Interpol, and with countries in the China-East Asia Pacific region, the State Department said.

In a related fact sheet, the department's Bureau for International Narcotics and Law Enforcement Affairs (INL) outlined the 10 programs that will be supported with the additional funds.

These include a \$210,000 initiative to train judges, legislators, prosecutors and police from China and neighboring countries to combat intellectual property crime. The program will emphasize online and optical media piracy, the bureau said.

For the tri-border region of Paraguay, Argentina and Brazil, a \$100,000 program will train prosecutors, police and customs officials from all three countries both to improve enforcement skills and foster cooperation, INL said.

Another \$100,000 will be spent on IPR training in Brazil, which is one of the world's largest markets for pirated products. The project is designed to complement the

tri-Border initiative as well as ongoing European Union efforts in the region, according to INL.

Further details on individual programs and projects are available on the website of the Bureau of International Narcotics and Law Enforcement Affairs:
<http://www.state.gov/g/inl/rls/fs/36830.htm>.

Please Note: Most texts and transcripts mentioned in the U.S. Mission Daily Bulletin are available via our homepage www.usmission.ch. Select "Washington File" from the drop-down menu under "News."